

Message Text

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TO AMEMBASSY REYKJAVIK

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E.O. 11652: GDS

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SUBJECT:ICELAND BASE NEGOTIATIONS

REFERENCES: (A) REYKJAVIK 1015 (NOTAL); (B) STATE 091984
(NOTAL)

1. WE AGREE WITH EMBASSY SUGGESTION IN PARAGRAPH 9 REFTTEL
(A) THAT WASHINGTON AGENCIES SHOULD NOW BEGIN TO FORMULATE
RANGE OF CONDITIONS AND POSITIONS ON EXTENT OF FINANCING
OF SEPARATION OF CIVIL AND MILITARY AIRPORTS AND SAR
ACTIVITY. THIS MESSAGE SETS FORTH CERTAIN TECHNICAL, LEGAL
AND POLICY CONSIDERATIONS BEARING ON THOSE TWO ISSUES. THIS
IS IN KEEPING WITH THE ONGOING EXCHANGE OF INFORMATION CON-
CERNING THE NEGOTIATIONS. WE WOULD APPRECIATE THE EMBASSY'S
COMMENTS AND SUGGESTIONS ON THE CONTENTS OF THIS TELEGRAM
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PRIOR TO ANY OVERTURES OR DISCUSSIONS WITH GOI.

2. AIR TERMINAL: THROUGH INFORMAL DISCUSSIONS OVER LAST SEVERAL YEARS, AND OFFICIAL CONFIRMATION BY UNDER SECRETARY PORTER IN THE FIRST ROUND OF CURRENT NEGOTIATIONS LAST OCTOBER, US IS COMMITTED TO PRINCIPLE OF SEPARATING MILITARY AND CIVIL AIR FACILITIES AT KEFLAVIK. WITH RESPECT TO THE IMPLEMENTATION OF THAT PRINCIPLE, THE US SEES AS AVAILABLE TWO BASICALLY DIVERGENT APPROACHES.

(A) CONSTRUCTION OF A NEW ICELANDIC CIVIL AIR TERMINAL ON THE OPPOSITE SIDE OF THE FIELD FROM PRESENT FACILITIES, TOGETHER WITH NECESSARY ACCESS ROADS, AND REVERSION OF PRESENT INTERNATIONAL AIR TERMINAL TO EXCLUSIVE US MILITARY USE;

(B) CONSTRUCTION OF NEW ACCESS ROAD TO PRESENT CIVIL TERMINAL, TOGETHER WITH APPROPRIATE FENCING AND OVERPASS ARRANGEMENTS, SO THAT INTERNATIONAL PASSENGERS WILL NOT NEED TO PASS THROUGH ANY PORTION OF IDF FACILITIES.

3. FROM A LONG-RANGE STANDPOINT, OPTION (A) WOULD CLEARLY BE PREFERABLE. HOWEVER, WE BELIEVE THERE IS RELATIVELY SLIGHT CHANCE THAT CONGRESS WOULD BE PREPARED TO FUND ANY PART OF NEW ICELANDIC CIVIL AIR TERMINAL OR ACCESS ROADS AS A NAVY PUBLIC WORKS PROJECT UNDER MILITARY CONSTRUCTION APPROPRIATIONS. BASIC PROBLEM HERE IS THAT IT WOULD BE VERY DIFFICULT TO DEMONSTRATE MILITARY BENEFIT TO US FROM THIS CONSTRUCTION, AS DISTINGUISHED FROM CROSS-WIND RUNWAY A FEW YEARS AGO. SHOULD SOME FORM OF OPTION (A) PROVE, HOWEVER, TO BE THE ONLY ACCEPTABLE ARRANGEMENT TO THE GOI, FURTHER CONSIDERATION WILL, OF COURSE, BE GIVEN TO FINDING SOLUTIONS TO THE PROBLEM.

4. CONSIDERING THE UNCERTAINTIES OF ACHIEVING SATISFACTORY BASE TENURE OR FINANCING FOR A TRUE SEPARATION OF FACILITIES, OPTION (B) AT THE MOMENT APPEARS MORE ATTRACTIVE AND CERTAINLY MORE FEASIBLE FROM OUR POINT OF VIEW. DOLS 1.8 MILLION FUNDING FOR NEW ACCESS ROAD, FENCING AND OVERPASS IS NOW IN FY 75 NAVY MILCON. THIS PROJECT HAS NOT YET BEEN ACTED UPON BY FULL ARMED SERVICES OR APPROPRIATIONS COMMITTEES. BECAUSE OUTCOME OF IDF RETENTION NEGOTIATIONS CONTINUES SO UNCERTAIN, HOWEVER, WE BELIEVE THAT IF PROJECT IS APPROVED IT WILL CONTAIN THE CAVEAT THAT

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ACCEPTABLE TERMS FOR IDF TENURE MUST BE ASSURED. HOUSE ARMED SERVICES SUBCOMMITTEE HAS RECOGNIZED THE PROJECT'S QUID POTENTIAL AND THE STRATEGIC IMPORTANCE OF ICELAND IN APPROVING THIS FY 75 FUNDING.

5. SEARCH AND RESCUE: PROPOSAL FOR ICELANDIZATION OF SEARCH AND RESCUE ACTIVITIES UNDER CONTROL OF ICELANDIC COAST GUARD WOULD BE MOST WELCOME UNDER CERTAIN LIMITING

CIRCUMSTANCES. FROM STANDPOINT OF EQUIPMENT AND TRAINING ASSISTANCE, IT INVOLVES MANY OF SAME ELEMENTS SET FORTH IN REFTEL (B) WITH RESPECT TO PROVISION OF AIRCRAFT FOR COAST GUARD, WHICH CAN BE SUMMARIZED AS FOLLOWS:

(A) IT IS LONG-STANDING DEFENSE POLICY NOT TO TURN OVER EXISTING EQUIPMENT OF ANY KIND FROM ACTIVE SERVICE INVENTORY TO FOREIGN COUNTRIES, EXCEPT UNDER EXTRAORDINARY CIRCUMSTANCES.

(B) GOI IS ELIGIBLE FOR PURCHASES, ON CASH OR CREDIT BASIS, OF DEFENSE ARTICLES AND SERVICES UNDER 1954 MILITARY SALES AGREEMENT. FMS CREDIT FUNDS WERE NOT REQUESTED FOR ICELAND IN FY 75 AND CONGRESS HAS YET TO PASS FY 75 FOREIGN ASSISTANCE BILL. FOLLOWING ENACTMENT OF FY 75

LEGISLATION, IT IS POSSIBLE THAT LIMITED FMS CREDIT FUNDS FOR PURCHASE OF DEFENSE ARTICLES AND SERVICES COULD BE MADE AVAILABLE FROM OTHER COUNTRY PROGRAMS IF ESSENTIAL TO SUCCESSFUL CONCLUSION OF NEGOTIATIONS. FOR FY 76, WE COULD CONSIDER PRESENTATION TO CONGRESS FOR FMS CREDIT.

(C) GOI COULD MAKE DIRECT PURCHASES FROM US MANUFACTURERS WITH LATTER PROVIDING FOLLOW-ON SUPPORT AND TRAINING AS REQUIRED.

(D) GRANT AID COULD BE CONSIDERED AS A LAST-DITCH OPTION BUT PROVIDES A NUMBER OF DIFFICULTIES IN ADDITION TO SCARCITY OF FUNDS.

6. AS REGARDS MILITARY IMPLICATIONS OF PLACING SAR ACTIVITY UNDER ICELANDIC COAST GUARD (ICG), THREE POINTS BECOME APPARENT IMMEDIATELY:

(A) WE WOULD NOT WISH TO PLACE US SAR RESOURCES UNDER ICELANDIC CONTROL;

(B) WE WOULD STILL WISH TO TRANSFER THE LONG RANGE HC-130 SAR AIRCRAFT TO RAF WOODBRIDGE. WE CONSIDER IT UNLIKELY
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THAT ICELAND WOULD BE ABLE TO OR WOULD WANT TO ASSUME THE COST INVOLVED IN OPERATING THESE OR SIMILAR AIRCRAFT.

(C) RESPONSIVENESS AND CAPABILITY OF THE ICELANDIC COAST GUARD TO MEET US MILITARY SAR HELICOPTER REQUIREMENTS WOULD BE OF SOME CONCERN. IN ADDITION TO REQUISITE TRAINING, ADEQUATE COMMAND AND CONTROL RELATIONSHIPS WITH THE IDF WOULD HAVE TO BE WORKED OUT. KISSINGER

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